

**MARKET CONDUCT EXAMINATION**

**OF**

**RELIANCE INSURANCE COMPANY  
AND AFFILIATES**

**THREE PARKWAY  
PHILADELPHIA, PENNSYLVANIA 19102-1376**

**July 1, 1999 –February 29, 2000**

Seattle, Washington  
August 23, 2000

Honorable Deborah Senn  
Insurance Commissioner  
Office of the Insurance Commissioner  
P.O. Box 40255  
Olympia, Washington 98504

Pursuant to your instructions and in compliance with the laws of the State of Washington, and procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner (OIC) a market conduct examination has been made of the

Reliance Insurance Company-24457  
Reliance National Insurance Company-40592  
Reliance Direct Insurance Company-10681  
Reliance Surety Company-41980  
Reliance Standard Life Insurance Company-68381

Three Parkway  
Philadelphia, Pennsylvania 19102-1376

and this report of examination is respectfully submitted.

This was a full examination of the companies' activities in personal and commercial lines between July 1, 1999 and February 29, 2000 except complaints. The complaints received between 1996 to present were reviewed for adverse trends. The examination included a review of the following areas:

Advertising	Agent licensing
Complaints	Underwriting and Rating
Rate & Form Filings	Cancellation, Non-Renewal, and Decline to Write
Claims Settlement Practices	

This was the second examination of one of the affiliates, United Pacific Insurance Company, which was examined in 1986. The previous examination resulted in violations involving underwriting documentation, policy rating, non-renewal practices, and claims settlement practices.

Violations of the following regulations reported in the first examination were also found in this examination. Those findings are addressed in the appropriate section of this report:

- WAC 284-24-070 contains the documentation requirements that must be maintained when a company uses (a) rates.
- WAC 284-30-390 Establishes the appropriate method for evaluating the market value of total loss automobiles in first party claims. It also requires that these settlements include the appropriate sales tax, license fees and transfer fees.

This examination was performed in regional offices in Seattle and Renton, Washington and Cleveland, Ohio.

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## EXAMINATION REPORT CERTIFICATION

This examination was conducted in accordance with Office of the Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. Sally Anne Carpenter and Shirley M. Merrill, who both participated in the preparation of this report, performed this examination.

I certify that the foregoing is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of the Insurance Commissioner, and that this report is true and correct to the best of my knowledge and belief.

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Leslie A. Krier AIE, FLMI  
Chief Market Conduct Examiner  
Office of the Insurance Commissioner  
State of Washington

## HISTORY AND OPERATIONS

Reliance Insurance Company commenced operations in 1817 under the name of Fire Association of Philadelphia. The name Reliance Insurance Company was adopted January 1, 1958.

Reliance National Indemnity Company was incorporated April 30, 1956 under the laws of Wisconsin as the Eureka Insurance Company. The name was changed to Planet Insurance Company June 28, 1963 and to its present name March 31, 1994. The Reliance Insurance Company acquired the company in 1959.

United Pacific Casualty Insurance Company was incorporated under the laws of Washington. The name was amended to United Pacific Insurance Company in 1936. In May of 1967 the Reliance Insurance Company acquired ownership.

In addition to those companies listed above, the following affiliated companies are also authorized conduct business in Washington.

- Reliance National Insurance Company
- Reliance Direct Insurance Company
- Reliance Surety Company
- Reliance Standard Life Insurance Company

The companies are licensed to sell automobile, garage, umbrella, property, general liability, surety, marine transportation, vehicle, life and disability coverages. Products are sold through independent agents. The companies currently sell non-standard personal lines auto insurance and a full line of commercial insurance products.

## ADVERTISING

Advertising documents were examined to determine compliance with the following laws:

RCW 48.30.050 “Every advertisement of, by, or on the behalf of an insurer shall set forth the name in full of the insurer and the location of its home office or principal office, if any, in the United States (if an alien insurer).”

WAC 284-30-660 “It is an unfair or deceptive practice and an unfair method of competition pursuant to RCW 48.30.10 for any insurance company, broker, agent, or solicitor in connection with the business of insurance, to utilize quotations or evaluations from rating or advisory services or other independent sources, in a manner likely to deceive the persons to whom the information is directed....”

Twenty-five pieces of advertising were reviewed. These consisted of advertising pieces to be used in trade publications or other magazines, or on the companies web site. The primary purpose of the advertising materials was to promote the companies’ name recognition rather than their specific insurance products. No violations were found in the materials reviewed.

## AGENT LICENSING AND APPOINTMENTS

Policy records selected for the new and renewal underwriting sample were also used for the agent licensing sample. The examiners compared the agent listed on the policy with the Office of the Insurance Commissioner's (OIC) records to ensure that the agent soliciting business for the company was licensed and appointed pursuant to the requirements of RCW 48.17.060 and RCW 48.17.160.

RCW 48.17.060 "(1) No person shall in this state act as or hold himself out to be an agent, broker, solicitor, or adjuster unless then licensed therefor by this state."

RCW 48.17.160 "(1) Each insurer on appointing an agent in this state shall file written notice thereof with the commissioner on forms as prescribed by the commissioner, and shall pay the filing fee therefor as provided in RCW 48.14.010...."

Both commercial and personal lines of business are written through independent agents. All agents in the sample were licensed.

Our findings are as follows:

- 1 agent who wrote 2 policies, (A53-9293838 and A53-4195885), was not appointed by the companies in which the policies were written.

## COMPLAINTS

The purpose of this section of the examination was to review the companies' complaint handling procedures and compliance to WAC 284-30-650. The complaints were also reviewed for possible adverse trends in claim handling or underwriting.

WAC 284-30-650 "It is an unfair practice for an insurer, ...to fail to respond promptly to any inquiry from the insurance commissioner relative to the business of insurance. A lack of response within 15 business days from the receipt of the inquiry will be considered untimely."

The companies have written complaint procedures that all employees are expected to follow. They have requested that all insurance departments send their inquiries to the companies' Consumer Relations Department in Philadelphia. If the Consumer Relations Department is able to respond to the inquiry, it will do so. If not, the complaint will be forwarded to the appropriate office or profit center for handling. The referral will indicate the due date for the response. If the response cannot be completed within the required time frame, the companies requires a letter be sent every 15 days until the response is completed or the complaint is resolved. The procedure manual requires the response to include any supporting or requested documentation. When the complaint involves an insured, a copy of the response is also to be sent to the agent with a copy of the original complaint.

The companies' complaint logs for 1996 -2000 were reviewed. The logs contained 86 entries including direct complaints to any of the companies from insureds or third parties, and insurance department inquiries. Twenty-six files were selected for review. The complaints were distributed evenly between marketing, underwriting and claims.

- One file contained a mistake by the company processor that caused billing errors. The company responded to the insured and refunded \$179.00 prior to the Office of Insurance Commissioner's inquiry.
- One file contained an error because the company did not process a correction to the points charged after receiving a motor vehicle report (MVR) because it was misfiled. The correction was not processed until the complaint was received.
- One file contained a complaint regarding the points charged. There was an issue over an MVR and proof of prior insurance. The company processed the changes correctly and offered a refund for the next policy period.

All complaints contained timely responses. No adverse trends were identified.

Our findings are as follows:

RCW 48.05.190(1) “Every insurer shall conduct business in its own legal name.”

- 5 complaint files were in violation because written responses were on pre-printed generic letterhead, and did not identify the insuring company. (See Appendix I for detail.)

*Subsequent event: The companies have issued memos reminding all employees that all correspondence must correctly identify the insuring company.*

## UNDERWRITING AND RATING

The examiners selected 100 policies from a population of 1,247 new and renewed commercial policies and 210 policies from a population of 16,151 new and renewed personal lines auto policies for the examination. Forms that became part of the policies were reviewed as part of this underwriting sample. Files were reviewed to determine if:

- the companies follow their filed rating plans
- the companies use only approved policy forms and endorsements
- the companies follow their underwriting rules consistently
- the companies were in compliance with Washington laws and regulations

The examiners also manually rated policies to determine if there were any programmed errors in the companies' computer system and if the companies were using their filed and approved rates.

Our findings are as follows: (Files may be listed more than once because they contained multiple violations.)

### COMMERCIAL LINES

RCW 48.05.190(1) "Every insurer shall conduct its business in its own legal name."

- 283 violations were identified in 13 policy files because the legal name of the company was not identified or identified incorrectly on certificates of insurance. (See Appendix I for detail.)

*Subsequent event: The companies have issued memos to their personnel to remind them of the importance to correctly identify the insuring company.*

RCW 48.18.100(1) No insurance policy form or endorsement shall be issued, delivered or used unless it has been filed and approved by the insurance commissioner.

- One violation was identified. The company issued one policy with an endorsement form prior to the form being approved for use in Washington. (See Appendix II for detail)

RCW 48.18.140(2)(c)&(f) A policy shall specify (c) the risk insured against and (f) the conditions pertaining to insurance.

- Two violations were identified because the policies provided underinsured motorist coverage and had vehicles garaged in Washington. The correct Washington forms were not attached to the policies. (See Appendix II for detail.)

RCW 48.18.190 provides that no agreement, modification or extension of a contract for insurance shall be valid unless it is in writing and made part of the contract.

- Two violations were identified because the policies did not contain the Washington underinsured motorist coverage form. The policy indicated coverage was requested and paid for. (See Appendix II for detail)

RCW 48.19.040(6) “When a rate filing is required no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect, except as provided by RCW 48.19.090.”

- Seven hundred and three policies written on log trucks in the past five years were identified, at the request of the examiners, because the companies were unable to provide proof that the rating plan used for the Log Truck Program was filed and approved. This program was in place for at least 5 years. The companies have a filed truck program, however, without individually examining each policy the companies were unable to document which of the 703 policies had been rated correctly in the filed truck program and which had rated in the unfiled Log Truck Program. The examiners believed, based on the sample, most, if not all of the log truck policies written were in violation. They also believe that if the companies had pursued additional information through the Log Truck Association, the exact number of vehicles involved could have been established. Policy number identification is contained in the work papers.
- Seven violations were identified because the policies were not rated and charged according to the companies’ filed rating plans. (See Appendix II for detail.)

RCW 48.22.030(3) and (4) states in part that the underinsured motorist coverage must be the same as the insured’s third party limits unless the insured rejects all or part of the coverage.

- Two violations were identified because the company was not able to provide a signed rejection from the insureds to indicate part of the coverage was being rejected. (See Appendix II for detail)

WAC 284-24-070(1–5) allows insurers to use (a) rates (or refer to company) when the insurer has no rate, guide rate or range of rates for a certain class of insureds.

§(3) states, in part, that (a) rates “shall be based on a documented underwriting analysis of:

- (a) Specific definable loss potential characteristics,
- (b) Analogy to similar exposures, and
- (c) Available loss frequency and severity data.”

§(5) “Insurers writing risks subject to this regulation shall maintain separate documentation, including loss experience on each risk written and shall be prepared to provide such documentation to the insurance commissioner upon request.”

- One file was in violation because the company was not able to provide sufficient documentation to support their use of the (a) rate. This was also a finding in the prior examination. (See Appendix II for detail)

WAC 284-24-100 states in part:

“(2) A plan shall provide no more than 25% credit (reduction) or debit (charge). A schedule rating plan shall not be combined with other rating plans or rules in such a way that the schedule rating plan affects the premium by more than 25%.”

“(5) A plan must provide for an objective analysis by the insurer and be based on specific factual information supporting the rating . . . ”

“(7) A plan shall be administered equitably and applied fairly to every eligible risk which an insurer elects to insure. Records supporting the development of individual risk modifications shall be retained by the insurer for a minimum of three years or until the conclusion of the next regular examination by the insurance department of its domicile, whichever is later and made available at all reasonable times for the commissioner’s examination. Such records must include copies of all documentation used in making each particular determination, even though a credit or debit may not result.”

- 20 files were in violation because the policies did not contain sufficient documentation or appropriate reasons to support debits or credits, or the company exceeded the 25% scheduled rating cap. A total of \$8,908 was returned to 7 insureds. (See Appendix II for detail.)
- 3 files were in violation because the policies were debited outside the range of the filed rating plan. (See Appendix II for detail.)

WAC 284-30-560(2) requires binders be dated and identify the insurer in which coverage is bound.

- Two violations were identified because two binders did not show the correct name of the insurer. (See Appendix II detail.)

## PERSONAL LINES

RCW 48.05.190(1) “Every insurer shall conduct its business in its own legal name.”

20 violations were identified in 15 policy files because the letters and cancellation notices did not identify the insuring company. (See Appendix I for detail.)

*Subsequent event: The companies have issued a memo to all affected personnel that all correspondence and notices must show the true and correct name of the insurer.*

RCW 48.19.040(6) “When a filing is required no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect, except as provided by RCW 48.19.090.

- 3 policies were in violation because they were not rated according to the filed rating plans. This resulted in a total of \$199 returned to 3 insureds. (See Appendix III for detail.)
- 2 policies were in violation because they were not eligible for the credits used in their rating. These policies will be corrected at the next renewal. (See Appendix III for detail.)

RCW 48.22.030(4) permits the insured to reject all or part of the underinsured motorist coverage in writing.

- One policy was in violation because the company was not able to provide a document rejecting underinsured motorist coverage that was signed by the insured. (See Appendix III for detail.)

RCW 48.22.085 allows an insured to reject, in writing, personal injury protection (PIP) coverage.

- Two policies were in violation because the policies contained no PIP coverage. The companies were not able to provide a copy of a rejection form signed by the insured. (See Appendix III for detail.)

## CANCELLED AND NON-RENEWED POLICIES

The examiners selected 281 policies from a population of 3503 commercial and personal policies for the examination. The policies were either cancelled or non-renewed during the exam period. The files were reviewed to determine if the companies were in compliance with state laws governing cancellations and non-renewals.

Our findings are as follows:

RCW 48.18.291(2)(a) prohibits cancellation of a personal auto policy that has been in effect more than 60 days except for non-payment of premium or the driver's license of the insured or principle operator has been suspended or revoked.

- 2 personal lines auto policies were in violation because they were cancelled after being in effect for more than 60 days and for reasons other than those allowed. (See Appendix IV for detail.)

WAC 284-30-570 requires insurers to give the actual reason for their action when canceling and non-renewing policies in easy to understand language so that an insured will not need to do any additional research to understand the company's decision.

- 5 policies were in violation because the reasons given on the cancellation notices did not fully explain or give the actual reason for the company's decision. (See Appendix IV for detail.)

## CLAIM SETTLEMENT PRACTICES

The examiners selected 564 claims from a population of 10,844 commercial and personal claims for the examination. The files were examined for compliance with laws and regulations including those governing fair claims practices, total loss settlement practices, salvage disposal, and subrogation.

Three claim files contained processing errors and were returned by the examiners for correction.

- In two claims the insured's deductible was not reimbursed once subrogation was successful. A total of \$400 was returned to 2 insureds.
- One claim was settled using the collision deductible instead of the appropriate comprehensive deductible. The \$250 difference in the deductible was returned to the insured.

Our findings are as follows:

RCW 48.03.030(1) Requires insurers to provide all records requested during a market conduct examination.

- There were 2 violations because the companies were not able to locate 2 claim files requested for this examination. (See Appendix IV for detail.)

RCW 48.05.190(1) "Every insurer shall conduct its business in its own legal name."

- 93 violations were identified in 42 personal and commercial claim files because the correspondence, claim releases, and estimates for auto repair in the files did not identify the true insurer. The stationary and fax sheets used were generic and did not specifically identify the insuring company either in the letterhead or the signature-block, or because forms used identified the wrong insurance company. (See Appendix I for detail.)

*Subsequent event: The companies have revised form letters to correctly identify the insuring company. Claims personnel have been instructed about the importance of compliance.*

It was also noted all settlement checks, which are computer generated were not issued in the actual insurer name. The checks were issued utilizing Reliance National, A Reliance Group Holdings Company.

*Subsequent event: The company has notified their programming staff to make the necessary changes to properly identify the insuring company on all computer generated checks.*

The following are defined as unfair claim practices:

WAC 284-30-330(2) requires insurers to acknowledge and act reasonably promptly upon communications with respects to claims.

- 7 claim files indicated the companies had not acted reasonably promptly in the settlements of the claims. (See Appendix V for detail.)

WAC 284-30-330(16) failure to adopt and implement reasonable standards for the processing and payment of claims.

- 5 claims were found to be in violation because there were long delays before payment of these claims. (See Appendix V for detail.)

WAC 284-30-340 states that a claim file shall contain all notes and work papers pertaining to the claim in such detail that pertinent events and dates can be reconstructed.

- 16 claim files were in violation because they did not contain documentation of all phone calls, explanations or dates of coverage resolution, or the notes lacked sufficient detail to satisfy the requirements of the regulation. (See Appendix V for detail.)

WAC 284-30-350(1) “No insurer shall fail to fully disclose to first party claimants all pertinent benefits, coverage or other provisions of an insurance policy or insurance contract under which a claim is presented.”

- 5 claim files were in violation because the claim handler failed to explain all pertinent benefits or coverage to first party claimants. A total of \$3,446.06 was returned to 3 insureds. (See Appendix V for detail.)

WAC 284-30-360(1) “Every insurer, upon receiving notification of a claim shall, within ten working days...acknowledge receipt of such notice unless payment is made within such period of time...”

- 1 file was in violation because of delays between the notification of a claim and acknowledgement of the claim. (See Appendix V for detail.)

(3) “An appropriate reply shall be made within ten working days,... on all other pertinent communications from a claimant which reasonably suggest that a response is required.”

- 10 claim files did not meet the time frame requirement. (See Appendix V for detail.)

WAC 284-30-370 “Every insurer shall complete the investigation of a claim within thirty days after notification of the claim, unless such investigation cannot reasonably be completed within such time...”

- 12 claim files were in violation because they did not contain information in the log notes to indicate why the investigation took longer than 30 days, or it was evident to the examiners that the claim handlers were responsible for the delays. (See Appendix V for detail.)

WAC 284-30-380(1) “Within fifteen working days after receipt by the insurer of properly executed proofs of loss, the first party claimant shall be advised of the acceptance or denial of the claim by the insurer...”

- 2 claim files were in violation because of the delay between receipt of the claim documents and claim payment. (See Appendix V for detail.)

WAC 284-30-390(1)(a)(b)(i-ii) and (c)

(1) “When an insurance policy provides for the adjustment and settlement of first party automobile total losses on the basis of actual cash value or replacement with another of like kind and quality, one of the following methods must apply:

(a) The insurer may elect to offer a replacement automobile with a specific comparable automobile available to the insured, with all applicable taxes, license fees and other fees incident to transfer of evidence of ownership of the automobile paid, at no cost other than any deductible provided in the policy...”

(b) The insurer may elect a cash settlement based upon the actual cost, less any deductible in the policy to purchase a comparable vehicle including all applicable taxes, license fees, and other fee incident to transfer of evidence of ownership of a comparable automobile. Such cost may be determined by

- (i) The cost of a comparable vehicle in the local market area when a comparable automobile is available in the local market area. Any settlement offer which relies upon the prices of automobiles advertised for sale in local newspapers may include only prices for vehicles verified by the insured as being comparable in age and condition to the insured automobile, or
- (ii) One of two or more quotations obtained by the insurer from two or more qualified dealers within the local market area, and when a comparable vehicle is not available in the local market area. An insurer must accurately describe the age and condition of the insured automobile...”

(c) When a first party automobile total loss is settled on a basis which deviates from the methods described in subsections (1)(a) and (1)(b) of this section, the deviation must be supported by documentation giving the particulars of the automobile condition. Any deductions from such cost, including deduction for salvage, must be measurable, discernible, itemized and specified as to the dollar amount and shall be appropriate in amount...”

- 4 files were in violation because the market value of the total loss was not established according to the requirements of this regulation. (See Appendix V for detail.)

- 16 files were in violation because the transfer fee or license fee was not included in the settlement. A total of \$ 474.56 was returned to 16 insureds. (See Appendix V for detail)

These were also findings in the prior examination.

WAC 284-30-395(1) “Within a reasonable time after receipt of actual notice of an insured’s intent to file a claim for personal injury protection medical and hospital benefits claim, and in every case prior to denying, limiting, or terminating an insured’s medical and hospital benefits, an insurer shall provide a written explanation of the coverage provided by the policy. The notice must include a notice that the insurer may deny, limit, or terminate benefits if it determines the medical or hospital services are not:

- (a) Are not reasonable;
- (b) Are not necessary;
- (c) Are not related to the accident; or
- (d) Are not incurred within three years of the automobile accident.

These are the only grounds for denial, limitation, or termination of medical and hospital services permitted pursuant to RCW 48.22.005(7), 48.22.095, or 48.22.100.”

- 17 violations were identified because the files did not contain documentation that to satisfy the written explanation of benefits requirements or because the benefits were terminated or because the benefits had been limited or terminated for reasons other than those detailed in this regulation. A total additional of \$5,697.06 was paid to 2 PIP claimants. (See Appendix V for detail.)

RCW 46.12.070 and WAC 308.58.020(1) requires the insurer to notify the Department of Licensing (DOL) and the Department of Motor Vehicles (DMV) of a total loss by completing the Total Loss Claim Settlement Report to the DMV or forwarding the vehicle title to DOL marked destroyed.

- 19 files did not contain documentation that the DOL/DMV was notified. In most cases the companies were sending the title of the totaled vehicle to their salvage vendors instead of the DOL. (See Appendix V for detail.)

*Subsequent event: The companies have revised their title processing procedures to comply.*

## INSTRUCTIONS

1. The companies are instructed to comply with RCW 48.05.190(1) and establish procedures that ensure policy documents and correspondence correctly identify the legal name of the insuring company. (Pages 9,11,13,16)
2. The companies are instructed to comply with RCW 48.17.160(1) and to ensure that all agents are licensed and appointed prior to the sale of any policies. (Page 8)
3. The companies are instructed to comply with RCW 48.18.100(1) which states in part that no insurance policy form or endorsement shall be issued, delivered or used unless it has been filed and approved by the insurance commissioner. (Page 11)
4. The companies are instructed to comply with RCW 48.18.140(2)(c) & (f) which specifies that an insurance policy shall specify among other items, the risk is insured against and the conditions pertaining to insurance. (Page 11)
5. The companies are instructed to comply with RCW 48.18.190 which provides that no agreement, modification or extension of a contract for insurance shall be valid unless it is in writing and made a part of the contract. (Pages 11 & 12)
6. The companies are instructed to comply with RCW 48.19.040(6) and always issue their policies in accordance with their filings. (Pages 12, 13 & 14)
7. The companies are instructed to comply with RCW 48.22.030(3) & (4) by providing underinsured motorist coverage equal to the insured's third party liability unless the insured rejects all or part of the coverage in writing. (Page 12 & 14)
8. The companies are instructed to comply with WAC 284-24-070(1)-(5) by retaining the documented underwriting analysis of specific items in the underwriting file as defined in the regulation. (Page 12)
9. The companies are instructed to comply with WAC 284-24-100(1)-(7) by following all documentation requirements, applying the approved schedule rating plan only to eligible risks and not combine this plan with any other plan as to exceed the 25% cap. (Page 13)
10. The companies are instructed to comply with WAC 284-30-560 by ensuring all binders identify the correct insuring company name on the binder. (Page 13)
11. The companies are instructed to comply with RCW 48.22.085 by offering personal injury protection coverage unless the insured rejects the coverage in writing. (Page 14)

12. The companies are instructed to comply with RCW 48.18.291(2) and not cancel personal auto insurance that has been in force for sixty days or more unless the driver's license of the insured or principle operator has been revoked or suspended. (Page 15)
13. The companies are instructed to comply with WAC 284-30-570 to ensure notices of non-renewal or cancellation sent to the insured are in clear simple language that requires no additional research for the insured to understand the action. (Page 15)
14. The companies are instructed to comply with RCW 48.03.030(1), which requires an insurer being examined to produce and make freely accessible all files and documents that relate to the subject of the examination. (Page 16)
15. The companies are instructed to comply with WAC 284-30-330(2), which requires insurers to acknowledge and act reasonably promptly upon notice of a loss. (Page 17)
16. The companies are instructed to comply with WAC 284-30-330(16) and adopt and implement reasonable standards for the processing and payment of claims (Page 17)
17. The companies are instructed to comply with WAC 284-30-340 to ensure claim files contain all required work papers and log notes. (Page 17)
18. The companies are instructed to comply with WAC 284-30-350(1) insurers and their agents must fully disclose to first party claimants all pertinent benefits of a policy under which a claim is presented. (Page 17)
19. The companies are instructed to comply with WAC 284-30-360(1) and (3) to ensure timely responses to notice of claim and pertinent correspondence. (Page 17)
20. The companies are instructed to comply with WAC 284-30-370 to investigate all claims within 30 days unless it cannot reasonably be completed within this timeframe. (Page 18)
21. The companies are instructed to comply with WAC 284-30-380, which requires the companies, must accept or deny claims within 15 working days after receiving a proof of loss. (Page 17)
22. The companies are instructed to comply with WAC 284-30-390(1)(a)(b)(i-ii) and (c) when establishing the market value of total loss vehicles, including payment of all applicable taxes and license fees. (Page 18 & 19)
23. The companies are instructed to comply with WAC 284-30-395(1) by sending a written explanation of Personal Injury Protection coverage and limitations as required. (Page 19)

24. The companies are instructed to comply with RCW 46.12.070 and WAC 308-58-020 (1) by notifying the Department of Licensing about total loss vehicles as required. (Page 19)

## APPENDIX I

### Violation of RCW 48.05.190(1)

#### Insurance Commissioner Complaints

Policy number		Violations
A53 1048261	Letter did not show correct insurer's name.	1
A55 9769548	Letter did not show correct insurer's name.	1
A35 0348530	Letter did not show correct insurer's name.	1
A56 1926263	Letter did not show correct insurer's name.	1
A53 7602197	Letter did not show correct insurer's name.	1
<b>Total</b>		<b>5</b>

### Commercial Underwriting & Rating

Policy number		
QB 1222518	Certificates of Insurance were issued utilizing an incorrect insurer name.	20
PB 8618228	Certificate of Insurance was issued utilizing an incorrect insurer name.	1
PX 8618359	Certificates of Insurance were issued utilizing an incorrect insurer name.	22
PX & QU 8618343	Insurance Binder was issued utilizing an incorrect insurer name.	1
PQ 8622457	Certificates of Insurance were issued utilizing an incorrect insurer name.	5
QA, PB & QU 1222536	Certificates of Insurance were issued utilizing an incorrect insurer name.	27
PP 8618212	Certificates of Insurance were issued utilizing an incorrect insurer name.	8
PB 8318355	Certificates of Insurance were issued utilizing an incorrect insurer name.	64
PQ 1671216	Certificates of Insurance were issued utilizing an incorrect insurer name.	22
PB 8618210	Certificates of Insurance were issued utilizing an incorrect insurer name.	98
QB 8618265	Certificates of Insurance were issued utilizing an incorrect insurer name.	12
PP 8573228	Certificate of Insurance and Evidence of Insurance documents were issued utilizing an incorrect insurer name.	2
JK 2838998	Certificate of Insurance was issued utilizing an incorrect insurer name.	1
<b>Total</b>		<b>283</b>

**Personal Underwriting & Rating****Policy number**

A537410561	Notice of Cancellation and the Policy Termination confirmation were issued utilizing an incorrect insurer name.	2
NCA0029454	Renewal Reminder was issued utilizing an incorrect insurer name.	1
A539587586	Notice of Cancellation was issued utilizing an incorrect insurer name.	1
A531960503	Notices of Cancellations were issued utilizing an incorrect insurer name.	2
A531048261	Letter did not show correct insurer name.	1
A559769548	Letter did not show correct insurer name.	1
A350348530	Letter did not show correct insurer name.	1
A561926263	Letter did not show correct insurer name.	1
A537602197	Letter did not show correct insurer name.	1
A538784502	Premium notices, Notice of Cancellation, and Policy Termination notice did not show correct insurer name.	3
A544740559	Notice of Cancellation did not show correct insurer name.	1
A224234522	Letters did not show correct insurer name.	2
A089629500	Notice of Cancellation did not show correct insurer name.	1
A092549736	Letter did not show correct insurer name.	1
A544740559	Notice of Cancellation did not show correct insurer name.	1
<b>Total</b>		<b>20</b>

**Commercial and Personal Lines Claims****Claim number**

093-99-610 27	Letter of denial did not show the correct insurer.	1
094-99-523 72	Letters did not show the correct insurer.	2
142-99-500 13	Letter of denial did not show the correct insurer.	1
094-99 517 44	Letters did not show the correct insurer.	2
094-99 519 48	Letters did not show the correct insurer.	2
094-99 601 92	Letters did not show the correct insurer.	6
99-40548	Letters did not show the correct insurer.	2
99-48880	Letters did not show the correct insurer.	3
99-48049	Letter did not show the correct insurer.	1
3-389	Letters did not show the correct insurer.	3
99-50559	2 Letters & 3 faxes did not show the correct insurer.	5
99-1157	Letters did not show the correct insurer.	2
99-35357	Letter did not show the correct insurer.	1
99-7650	Claim releases did not show the correct insurer.	2
30-2701	Letter did not show the correct insurer.	1
99-49566	Letters did not show the correct insurer.	6
99-51978	Letters did not show the correct insurer.	7
99-41018	Claim release did not show the correct insurer.	1
98-24832	Letter did not show the correct insurer.	1
99-39176	Letter did not show the correct insurer.	1
99-46389	Letter did not show the correct insurer.	1
99-55357	Letter did not show the correct insurer.	1
3-2266	Letter did not show the correct insurer.	1
3-3649	Letters did not show the correct insurer.	2
99-59699	Letter did not show the correct insurer.	1

99-47917	Letters did not show the correct insurer.	3
99-58647	Letter did not show the correct insurer.	1
30-7687	Letter did not show the correct insurer.	1
30-7817	Letters did not show the correct insurer.	3
30-8269	Letters did not show the correct insurer.	3
99-50575	Settlement check did not show the correct insurer.	1
99-54736	Letters did not show the correct insurer.	2
30-7363	Letters did not show the correct insurer.	5
99-40186	Letters did not show the correct insurer.	2
99-30-3927	Letter did not show the correct insurer.	1
99-57722	Fax did not show the correct insurer.	1
99-55208	5 letters and 1 claim release did not show the correct insurer.	6
99-46198	Letter did not show the correct insurer.	1
99-8732	Letter did not show the correct insurer.	1
99-46664	Fax did not show the correct insurer.	2
99-5093	Letters did not show correct insurer name.	3
9939569	Letter did not show correct insurer name.	1
<b>Total</b>		<b>93</b>

## APPENDIX II

### COMMERCIAL LINES UNDERWRITING AND RATING

#### Violation of RCW 48.18.100(1)

##### Policy number

PX 1141534	Revision of this form was not approved for use until after effective date of this policy.	1
<b>Total</b>		<b>1</b>

#### Violation of RCW 48.18.140(2)

##### Policy number

PB 8618489	It is necessary to have Washington uninsured motorist form on this policy.	1
PP 8622576	It is necessary to have Washington uninsured motorist form on this policy.	1
<b>Total</b>		<b>2</b>

#### Violation of RCW 48.18.190

##### Policy number

PB 8618489	Policy did not contain entire contract.	1
PP 8622576	Policy did not contain entire contract.	1
<b>Total</b>		<b>2</b>

#### Violation of RCW 48.19.040(6)

##### Policy number

PB 1222536	Company waived audits, but has no rating program to allow this.	1
PP1222508	Company did not follow their filing by allowing debits above the maximum rate for categories.	1
PX 1222510	Company waived audits, but has no rating program to allow this.	1
SK 1655261	Non-Owned and Hired Auto coverage was charged incorrectly, to insured's benefit.	1
PB 8618210	Coverage was added to the policy without a premium change.	1
PQ 1222510	Policy was rated in one company and issued in another company, which was higher in cost than the one the risk was rated in.	1
KR 2835755	Coverage was added to the policy without an approved rating plan.	1
<b>Total</b>		<b>7</b>

#### Violation of RCW 48.22.030

##### Policy number

QB 1141891	Company could not provided signed rejection for underinsured motorist coverage.	1
PB 8618489	Company could not provided signed rejection for underinsured motorist coverage.	1
<b>Total</b>		<b>2</b>

#### Violation of WAC 284-24-070

##### Policy number

QA,PB&QU 1222536	Documentation for rates not provided.	1
<b>Total</b>		<b>1</b>

**Violation of WAC 284-24-100****Policy  
number**

SK 3189100	Insufficient documentation	1
PQ 8622457	Insufficient documentation	1
PP & QB 1141948	Insufficient documentation. \$1,305 was refunded	1
QB 11415120401	Insufficient documentation. \$4,534 was refunded	1
PP1141502	Insufficient documentation	1
QB 8618265	Insufficient documentation	1
QB 1141877	Insufficient documentation. \$1,136 was refunded	2
PB & QB 1141649	\$855 refund due to overcharge.	1
QA 8618242	\$309 refund due to overcharge.	1
SK 3023945	Insufficient documentation	1
QB 1141549	Insufficient documentation	1
SK 1655500	Insufficient Documentation. \$129 was refunded	1
SK 1655537	Insufficient documentation	1
PP1222508	\$640 refund due to overcharge.	1
SK 1655504	Insufficient documentation	1
SK 1655542	Insufficient documentation	1
SK 1655151	Insufficient documentation	1
ZX 3017007	Insufficient Documentation	1
JK 2669583	Insufficient Documentation	1
SK 1655507	Insufficient Documentation	1
SK1655484	Company debited equipment 25%. Maximum allowable in rating plan is 15%	1
SK1655497	Company debited equipment 25%. Maximum allowable in rating plan is 15%	1
SK1655311	Company debited 15% for no formal safety program. Maximum allowable in rating plan is 5%	1
<b>Total</b>		<b>21</b>

**Violation of WAC 284-30-560****Policy  
number**

PX & QU 8618343	Insurer incorrectly identified on binder	1
PX 8618359	Insurer incorrectly identified on binder	1
<b>Total</b>		<b>2</b>

### APPENDIX III

#### PERSONAL LINES UNDERWRITING AND RATING

##### Violation of RCW 48.19.040(6)

Policy number		
A657091752	\$99 returned to insured. Extra points were charged to insured.	1
A532941511	\$48 returned to insured. Extra points were charged to insured.	1
A53548846	\$52 returned to insured. Extra points were charged to insured.	1
A537399919	Credit was applied to ineligible insured.	1
NCA 0050066	Credit was applied to ineligible insured.	1
<b>Total</b>		<b>5</b>

##### Violation of RCW 48.22.030(4)

Policy number		
A532025823	Company could not provide signed UIM rejection.	1
<b>Total</b>		<b>1</b>

##### Violation of RCW 48.22.085(2)

policy number		
A56 1450905	Company could not provide signed PIP rejection.	1
A53 2025823	Company could not provide signed PIP rejection.	1
<b>Total</b>		<b>2</b>

## APPENDIX IV

### COMMERCIAL & PERSONAL LINES CANCELLATIONS & NON-RENEWALS

#### Violation of RCW 48.18.291

##### Policy number

A590813961	Policy cancelled after being in effect 60 days or more	1
A029749064	Policy cancelled after being in effect 60 days or more	1
<b>Total</b>		<b>2</b>

#### Violation of WAC 284.30.570

##### Policy number

A 560772242	Reason given was "unacceptable vehicle".	1
A 561402296	Reason given was "unacceptable vehicle".	1
A 079867708	Reason given was "unacceptable vehicle".	1
A 568191387	Reason given was "unacceptable vehicle".	1
SK 3189100	No Reason Given.	1
<b>Total</b>		<b>5</b>

## APPENDIX V

### COMMERCIAL AND PERSONAL CLAIMS

#### Violation of RCW 48.03.030(1)

##### Claim number

0789950780	Company was unable to provide the claim file for the exam.	1
0549957598	Company was unable to provide the claim file for the exam.	1
<b>Total</b>		<b>2</b>

#### Violation of WAC 284-30-330(2)

##### Claim number

99-5723	Claims handler failed to acknowledge and act reasonably promptly upon communications with respect to a claim.	1
99-40643	Claims handler failed to acknowledge and act reasonably promptly upon communications with respect to a claim.	1
99-14381	Claims handler failed to acknowledge and act reasonably promptly upon communications with respect to a claim.	1
99-7089	Claims handler failed to acknowledge and act reasonably promptly upon communications with respect to a claim.	1
99-34632	Claims handler failed to acknowledge and act reasonably promptly upon communications with respect to a claim.	1
99-54456	Claims handler failed to acknowledge and act reasonably promptly upon communications with respect to a claim.	1
3-6052	Claims handler failed to acknowledge and act reasonably promptly upon communications with respect to a claim.	1
<b>Total</b>		<b>7</b>

#### Violation of WAC 284-30-330(16)

##### Claim number

99-52714	Failure to promptly process and pay claim.	1
99-52629	Failure to promptly process and pay claim.	1
99-60216	Failure to promptly process and pay claim.	1
99-52332	Failure to promptly process and pay claim.	1
99-38438	Failure to promptly process and pay claim.	1
<b>Total</b>		<b>5</b>

#### Violation of WAC 284-30-340

##### Claim number

99-60252	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-50715	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-60060	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-50895	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-34632	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-61158	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-49566	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-44611	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-34454	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-40127	Claim file documentation was insufficient to reconstruct pertinent events.	1

99-55640	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-36035	Missing workpapers from claim file.	1
99-39569	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-48881	Claim file documentation was insufficient to reconstruct pertinent events.	1
99-58989	Claim file documentation was insufficient to reconstruct pertinent events.	1
30-5248	Claim file documentation was insufficient to reconstruct pertinent events.	1
<b>Total</b>		<b>16</b>

#### **Violation of WAC 284-30-350**

##### **Claim number**

99-52659	Claim handler failed to explain all pertinent benefits to first party claimant.\$200 recovery	1
99-52240	Claim handler failed to explain all pertinent benefits to first party claimant.\$700 recovery	1
99-51514	Claim handler failed to explain all pertinent benefits to first party claimant.	1
99-49566	Claim handler failed to explain all pertinent benefits to first party claimant.	1
99-54456	Claim handler failed to explain all pertinent benefits to first party claimant.\$2546.06 recovery	1
<b>Total</b>		<b>5</b>

#### **Violation of WAC 284-30-360(1)&(3)**

##### **Claim number**

99-52700	Company took 13 days from receipt of claim to acknowledge & begin claim processing	1
99-52372	Claim handler did not respond to correspondence within time frame required.	1
99-54778	Claim handler did not respond to correspondence within time frame required.	1
99-7089	Claim handler did not respond to correspondence within time frame required.	1
99-5723	Claim handler did not respond to correspondence within time frame required.	1
99-41739	Claim handler did not respond to correspondence within time frame required.	1
99-50482	Claim handler did not respond to correspondence within time frame required.	1
99-51067	Claim handler did not respond to correspondence within time frame required.	1
99-52545	Claim handler did not respond to correspondence within time frame required.	1
3-6052	Claim handler did not make wage loss payment in timely manner.	1
<b>Total</b>		<b>10</b>

#### **Violation of WAC 284-30-370**

##### **Claim number**

99-60252	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-50715	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-52714	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-34632	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-41947	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-47057	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-49657	Investigation took in excess of 30 days, nothing in the file to indicate the need	1

	for more time	
99-14381	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-50465	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-5369	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-38871	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
99-59474	Investigation took in excess of 30 days, nothing in the file to indicate the need for more time	1
<b>Total</b>		<b>12</b>

#### **Violation of WAC 284-30-380(1)**

##### **Claim number**

99-51614	Claim was not paid within 15 working days after receiving properly executed proof of loss.	1
99-51156	Claim was not paid within 15 working days after receiving properly executed proof of loss.	1
<b>Total</b>		<b>2</b>

#### **Violation of WAC 284-30-390**

##### **Claim number**

99-34632	Settlement did not include transfer fee. \$11.75 paid.	1
99-40643	Settlement did not include transfer fee. \$11.75 paid.	1
99-54778	Settlement did not include transfer fee. \$11.75 paid.	1
99-41018	Settlement did not include transfer fee. \$11.75 paid.	1
30-7818	Settlement did not include transfer fee. \$11.75 paid.	1
99-50559	Settlement did not include transfer fee. \$11.75 paid.	1
99-41739	Settlement did not include transfer fee. \$11.75 paid.	1
99-8159	Settlement did not include transfer fee. \$11.75 paid.	1
99-46671	Settlement did not include transfer fee. \$11.75 paid.	1
99-38709	Settlement did not include transfer fee. \$11.75 paid.	1
99-34166	Settlement did not include license and transfer fee. \$48.91 paid.	1
99-40433	Settlement did not include transfer fee. \$11.75 paid.	1
30-2701	Settlement did not include transfer fee. \$11.75 paid.	1
99-60220	The evaluation included vehicles not verified as comparable.	1
99-52873	The evaluation included vehicles not verified as comparable.	1
99-50093	The evaluation included vehicles not verified as comparable.	1
99-51089	The evaluation included vehicles not verified as comparable.	1
99-55226	Settlement did not include license and transfer fee. \$261.15 paid.	1
99-42062	Settlement did not include transfer fee. \$11.75 paid.	1
99-40223	Settlement did not include transfer fee. \$11.75 paid.	1
99-59474	Settlement did not include license fee. \$11.75 paid.	1
<b>Total</b>		<b>21</b>

#### **Violation of WAC 284-30-395**

##### **Claim number**

30-8269	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-41739	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-8159	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-25777	Insurer failed to provide true and actual reason for denial, limitation, or termination of medical and hospital benefits within a reasonable time.	1
99-44901	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
3-389	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-47590	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-48049	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-48880	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-54778	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-16075	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-2562	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-40548	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-40223	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied. An additional \$ 3,151 was paid.	1
99-42062	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied.	1
99-54456	Insurer failed to provide notification to insured regarding PIP benefits, and the circumstances under which these benefits can be limited, terminated or denied. An additional \$2546.06 was paid.	1
99-39569	Insurer failed to provide notification to insured regarding PIP benefits and the circumstances under which the benefits can be limited, terminated or denied.	1
<b>Total</b>		<b>17</b>

#### **Violation of RCW 46.12.070 & WAC 308-58-020**

##### **Claim number**

99-60220	There was nothing in the file to indicate the Department of Motor Vehicles,(DMV) was notified.	1
99-50698	Insurer has sent titles to salvage vendor instead of Department of Licensing, (DOL)	1
99-51089	There was nothing in the file to indicate the DMV was notified.	1
99-40433	Insurer has sent titles to salvage vendor instead of DOL	1
99-34166	Insurer has sent titles to salvage vendor instead of DOL	1
99-46671	Insurer has sent titles to salvage vendor instead of DOL	1
99-54778	Insurer has sent titles to salvage vendor instead of DOL	1
99-47590	Insurer has sent titles to salvage vendor instead of DOL	1

99-55208	There was nothing in the file to indicate the DMV was notified.	1
99-40186	Insurer has sent titles to salvage vendor instead of DOL	1
99-41018	Insurer has sent titles to salvage vendor instead of DOL	1
99-35541	Insurer has sent titles to salvage vendor instead of DOL	1
99-50559	Insurer has sent titles to salvage vendor instead of DOL	1
30-7818	Insurer has sent titles to salvage vendor instead of DOL	1
99-46591	Insurer has sent titles to salvage vendor instead of DOL	1
99-8159	Insurer has sent titles to salvage vendor instead of DOL	1
99-45542	There was nothing in the file to indicate the DMV was notified.	1
99-41739	Insurer has sent titles to salvage vendor instead of DOL	1
99-42062	Insurer has sent titles to salvage vendor instead of DOL	1
99-59474	Insurer has sent titles to salvage vendor instead of DOL	1
<b>Total</b>		<b>19</b>